GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4926
ANSWERED ON:16.12.2016
Demonetisation Drive
Antony Shri Anto ;Chandumajra Shri Prem Singh;Mahendran Shri C.;Parthipan Shri R.;Reddy Shri Ch. Malla;Singh Shri Sunil Kumar

Will the Minister of FINANCE be pleased to state:

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UN STARRED QUESTION NO. 4926
TO BE ANSWERED ON 16TH DECEMBER 2016/25TH AGRAHAYANA SAKA, 1938
DEMONETISATION DRIVE

4926. SHRI CH. MALLA REDDY:
SHRI R. PARTHIPAN:
SHRI C. MAHENDRAN:
SHRI SUNIL KUMAR SINGH:
SHRI ANTO ANTONY:
PROF. PREM SINGH CHANDUMAJRA:

QUESTION
Will the Minister of FINANCE be pleased to state:
(a) whether the policy of demonetisation has adversely affected the economy of the country and if so, the details thereof;
(b) whether any assessment was made by the Government about high economic risks involved by withdrawing 86 per cent of circulating currency when 70 to 80 per cent transitions are cash based, if so, the details thereof;
(c) whether the retail traders in the unorganised sector have also been affected by the said policy and have sought relief from Government, if the details thereof and action taken thereon;
(d) whether the Government has any monitoring mechanism in place to review the situation on a daily basis and if so, the details thereof; and
(e) the success/benefits accrued to the Government by pursuing the said policy?

Answer

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a): The overall economic growth of the Indian economy is dependent is dependent on many factors that, iter-alia, include the rate of capital formation and savings, utilization of technology, availability of infrastructure, efficiency of resource allocation, quality of institutions, governance and the policy framework in place, money supply and degree of financial development. It is difficult to pin-point the impact of demonetization on the economy via its impact on the aforesaid factors.
(b): Reserve Bank of India (RBI) and the Banks have been advised to step up the supply of cash to the public. The availability of cash and issuance of cash to bank branches and Post Offices on a daily basis is being constantly monitored and necessary rebalancing is being done for more efficient allocation of banknotes of requisite denominations between different areas.
(c) to (e): The position after the cancellation of legal tender character of old high denomination banknotes is being regularly monitored by the Government. To ameliorate the inconvenience caused to the various quarters, various steps have been/are being taken by Government from time to time, the information regarding which is available at finmin.nic.in.
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